

Analysis and Exploration of the Problems Existing in China's Real Estate Market at the Current Stage Based on New Institutional Economics

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Abstract

Traditionally, we have given the connotation of defining houses as a place for people to settle down and live their lives. This is based on Chinese customs. How to ensure the smooth operation of the real estate market requires government departments to determine a series of basic systems. How to deal with problems that arise in the course of market operation is the original intention of establishing a long-term mechanism. In recent years, the problem of China's real estate market has been prominent, with serious imbalances. How to solve the problem of imbalances and realize the stability of the real estate market is a major issue worthy of our attention, and it also has great practical significance. This article mainly discusses the imbalances in China's real estate market, and proposes specific measures to solve these problems, including building long-term and effective basic systems and long-term mechanisms, and implementing housing reforms.

Keywords

Real estate market; Basic system; Market imbalance; Long-term mechanism.

1. Introduction

In recent years, China's real estate market has prominent problems and serious imbalances. How to solve the imbalance problems and realize the stability of the real estate market is a major issue worthy of our attention and has great practical significance. An effective measure to solve these problems is to build a long-term and effective basic system and a long-term mechanism [1]. Under the conditions of a market economy, the basic system of real estate (or housing system) is based on the real estate market, and the basic institutional arrangements for housing production, circulation, distribution, consumption, supervision and security, including land system, town planning system, the core goal of financial system, tax system, housing property rights system, market transaction system, supervision system and housing security system, etc., is to allow the market to play a fundamental role in allocating housing resources through reasonable institutional arrangements, and to give better play to the government's housing resources. Guarantee role, and realize the continuous improvement of housing and living conditions of the whole society. This paper mainly discusses the imbalance problems in China's real estate market, and proposes specific measures to solve these problems, including building a long-term effective basic system and long-term mechanism, and implementing housing reform [2].

2. The Specific Content of the Basic System of the Real Estate Market

2.1. What is the basic system of the real estate market?

The basic system of the real estate market is a series of systems established for land supply, housing distribution, and after-sales supervision, with the core of ensuring the smooth operation of the real estate market. The housing system summarizes the main links and aspects of the operation of the real estate market, and plays a decisive role in the operation of the real estate market. Grasping the construction of these basic systems can guide the healthy operation and stable development of the real estate market [3].

2.2. The content of the housing system

First, establish a basic housing security law. Clearly limit the requirements for housing speculation and restrain investment, establish a housing provident fund system in the form of law, and clarify the supervision requirements for the planning, construction, distribution, and circulation of government-led affordable housing. Second, establish an effective regulation system for housing market transactions. It is necessary to improve the fiscal, taxation and credit system to continuously meet the demand for housing that is just in need; to protect the enthusiasm of developers for housing development and to ensure market supply; to promote the circulation of housing and improve the efficiency of resource utilization. Third, establish a reasonable real estate management system. The demand for basic housing land must be guaranteed; the efficiency of land use must be improved, and the hoarding and idleness of land must be strictly restricted.

2.3. Reform of the housing system

In July 1994, the State Council issued the "Decision of the State Council on Deepening the Reform of the Urban Housing System", which indicated that the implementation of the reform of the urban housing system has reached a stage where a raging fire has come. The "Decision" determined that the fundamental purpose of housing reform is: to establish a basic system that is compatible with my country's national conditions and the socialist market economic system, to realize housing commercialization and socialization; to accelerate housing construction, improve living conditions, and meet the growing housing needs of urban residents need. The basic content of housing reform can be summarized as "three reforms and four constructions." [4]

3. Analysis of the Status Quo of Real Estate Market in China

3.1. There is a huge imbalance in the operation of the real estate economy

General Secretary Xi Jinping clearly pointed out at the Central Economic Work Conference at the end of last year: "At present, the prominent contradictions and problems facing my country's economic operation are rooted in major structural imbalances, which are mainly manifested in the structural imbalances of supply and demand in the real economy, financial and real economy imbalances, The imbalance between real estate and the real economy." Among these three imbalances, the imbalance in the real estate market is particularly prominent [5].

3.1.1. The problem of "less land and more people" is prominent

The area of arable land in my country has declined sharply in recent years. Except for urban construction land, the area of arable land lost every year by unplanned land acquisition is also not to be underestimated. Therefore, my country's arable land has been reduced from 2.3 billion mu in the 1980s to less than 2 billion mu now, so gradually The reduced area of arable land is not enough to provide enough food to meet people's food consumption. Therefore, in

order to meet the food problem of China's huge population, we must ensure that the area of arable land is sufficient. This is an unshakable bottom line. How to ensure sufficient arable land? First of all, we must macro-control the quantity of land supply, strengthen the intensive and economical use of land, improve the efficiency of land use, and realize the optimal allocation of land resources. Land use is mainly in two aspects: rural construction land and urban construction land. Rural construction land mainly includes land for water conservancy facilities and roads, while urban construction land mainly includes land for basic public facilities, housing and industrial land. The problem in our country is that there is too much industrial land, which has squeezed too much land for housing construction, resulting in short supply and rising real estate market prices.

3.1.2. The price of land is too high

The price of China's real estate market has been on the rise in recent decades. The fundamental reason is that the price of land is too high. Why is the price of land too high? There are three main reasons: The first point is that China's land auction system will result in land prices that are "excellent for the price". The higher the price will get. The advantage is that it can ensure fairness and transparency, but the disadvantage is that it will make the land price higher and higher. The second point is the insufficient supply of land. Supply exceeds demand, and under the influence of market rules, land prices will naturally rise. The third point is that a large amount of land in our country has been transformed from the old city, which is what we call demolition, and the demolition itself requires a huge cost, and the cost will be reflected in the price of the new land.

3.1.3. Outstanding real estate investment problems

As we all know, a person's real estate investment falls within the scope of fixed asset investment. Normally, real estate investment should not exceed 25% of fixed asset investment. However, due to high housing prices, too many people invest most of their assets in In terms of real estate, it is beyond its proper scope. This will cause a problem. The real estate market is over-distributed or even over-developed, while other markets such as the securities market and the real economy will shrink. The structure of the social economy is unbalanced, presenting the phenomenon of "dominance by one team" in real estate. This leads to abnormal economic growth, which will bring serious consequences in the long run [6].

3.1.4. Real estate "pay and return are not proportional"

The survey found that the balance of people's loans in my country has grown rapidly in recent years. Among them, housing loans account for more than a quarter, while real estate contributes less than 7% of GDP each year. What does this show? A large amount of funds in our country are trapped by real estate and flow into the hands of real estate developers. With reduced liquidity, our economy has no source of "living water". This is a huge harm to a country's economy, such as economic crisis, widening gap between rich and poor, etc. The city came into being, which is a fundamental existence that harms the country for a country.

3.1.5. Real estate taxes are too high

Statistics in these years show that, in the fiscal revenue of the central and local governments, only real estate taxes and fees accounted for 35%. The government is overly dependent on real estate, and no other economy checks and balances it. The economic structure is seriously unbalanced.

3.1.6. House sales are far greater than leases

We can often hear a sentence: "Chinese people spend their entire lives just buying a house. They save on food and clothing all their lives. After they leave, they have not been able to live in the house they bought. Americans have rented a house for a lifetime and walked comfortably throughout their lives." This sentence can show the status quo. The inner concept of the Chinese

people is to buy a house that helps them. Renting a house is not a long-term solution. This has resulted in more than 90% of the housing in the Chinese real estate market being sold, and less than 10% of the housing in the rental market. This kind of housing market structure is unhealthy, and this traditional concept needs to be changed [7].

3.1.7. Problems with the regional distribution of real estate

In some cities, "a house is hard to find" and demand exceeds demand, while in some cities, buildings are accumulated and cannot be sold. Places with many people have less land and houses, and places with few people have more land and houses. This is completely unreasonable. How to increase population How to attract population to cities with sparsely populated land in developed areas is also a problem that needs to be solved urgently.

3.1.8. Chaos in the real estate market

Real estate dealers and officials collude with each other, forcing benefits from residents and sucking on the flesh and blood of the people. Officials open back doors for real estate dealers and gain benefits, and the lost benefits of real estate dealers will inevitably be reflected in the housing prices. Then everything will be paid in the end. It is on the masses of the common people; and some developers, after obtaining land approval, "holds no action" and put aside the land that was supposed to be constructed within a year or two for ten or eight years. In this way, the developers will get the money without doing anything. For profit, sit back and reap the benefits, how happy it is!

3.2. Consequences of imbalances in the real estate economy

Excessive real estate costs will cause the deterioration of the entire real estate market environment, thereby affecting the economic development of the entire country. Everyone is eager for real estate to come in quickly, and everyone wants to get in and get a piece of it. This has led to the nation's investment in real estate, real estate dominates, and the real economy is shrinking.

4. Measures to Resolve Imbalances in the Real Estate Market

Establishing a long-term and effective basic system and long-term mechanism is a fundamental measure to solve the problem of imbalances in the real estate market in my country.

4.1. The relationship between the basic system and the long-term mechanism

The long-term mechanism of the real estate market (hereinafter referred to as the "long-term mechanism") is a series of adjustment measures based on the operating conditions of the real estate market. The housing system and the long-term mechanism have their own focus, are relatively independent and mutually influence each other. The housing system is a prerequisite for establishing a long-term mechanism and making it work, and the long-term mechanism is the guarantee for the housing system to be implemented. If there is no housing system, the long-term mechanism cannot play an effective role. Just like the relationship between soil and trees, trees grow from the soil, and trees will fertilize the soil. For the same reason, the establishment of a long-term mechanism will promote the sound and perfection of the basic system. Through the use of the long-term mechanism and its effects, relevant departments can discover problems in time and discover new problems in the basic system that do not meet the requirements of market development, which is conducive to timely adjustment and improvement of the basic system according to changes in the real estate development stage.

4.2. The construction of basic systems and long-term mechanisms

The construction of basic systems and long-term mechanisms is not static. It is a process of continuous improvement. Different stages of development need to correspond to different systems, because in different stages of development, housing needs and major contradictions

are changing, and the government It is necessary to adjust housing policies in a timely manner according to different development stages, and then adjust the long-term mechanism according to market fluctuations, so as to promote the smooth operation of the market. The construction of basic systems and long-term mechanisms needs to coordinate the relationship between the central and local governments. That is, the housing problem is not only closely related to people's lives, but also closely related to a country's economic development and social stability. Therefore, the close relationship between the housing problem and the government is self-evident. Macro-intervention is a similar approach in the construction of public housing in various countries, but it does not ignore the role of the market's self-regulation. While the government is playing a leading role, it is also actively guiding the market to play its role [8].

The construction of a long-term mechanism is exactly the product of the government guiding the market to play its role. Since there are many factors that affect the stability of the real estate market, including land, population, income, etc., to realize the smooth operation of the market, it is also necessary to start with the "culprit" that is the main factor that causes market fluctuations, respect the laws of the market, and use them comprehensively. A variety of factors ensure the stable operation of the market.

The housing system and long-term mechanism that people need to meet at least the following conditions: the security capacity of the real estate market must be compatible with the level of economic development; improve the living standards and improve housing conditions; realize the coordinated development of the economy, society and the housing market; learn to avoid risks, Carry out risk appetite planning in advance.

4.3. Specific measures to solve the current real estate market problems

Flexible pricing means that there is no longer a backlog of commercial housing. The government should consciously curb the market for land auctions and understand that fairness is not only guaranteed by public auctions, but transparency of information can also be a measure to ensure fairness. Local governments can determine different pricing methods based on local actual conditions to ensure market balance.

Focus on solving the problem of uneven population distribution in my country. The first- and second-tier cities have small land and large populations, and the supply of houses exceeds demand; third- and fourth-tier cities to remote areas have a large area and sparse population, and there is a backlog of houses, and the supply exceeds demand. Therefore, it is necessary to increase the development of third- and fourth-tier cities, and allocate better quality educational resources and medical resources to these areas; vigorously attract talents and implement talent introduction plans. For example, the implementation of student household registration problems in some universities is a talent introduction.

5. Conclusion

Real estate accounts for a high proportion of China's economy and is irreplaceable for China's economy in the short term. The development of the real estate industry can not only promote economic progress, but also effectively ensure the quality of people's lives. Therefore, the development prospects of the real estate industry are still bright. As long as the improvement of the relevant real estate market is strengthened, the quality of life of the people can be effectively improved. In the future, the general tone of "housing, not speculating" will remain unchanged, the construction of a long-term mechanism will be fully promoted, the market structure will become more reasonable, and the real estate regulation will be "stable". I believe that as long as the relevant departments speed up the formulation of a system that conforms to market laws and my country's national conditions in accordance with the requirements of the central government, and all relevant departments make targeted and precise efforts on policies

and systems, China's real estate market will surely achieve sustained and stable operation, and the masses will surely become more and more happier.

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